



GRANT APPLICATION FORM 2009-2010

**Legacy Land Conservation Program
Department of Land and Natural Resources
(Revised July 2009)**

Please download Grant Application Instructions, available at <http://hawaii.gov/dlnr/dofaw/llcp>, prior to completing this Grant Application Form.

Signed forms and Required Preliminary Documentation must be sent by email in Portable Document Format (PDF) to molly.e.schmidt@hawaii.gov by September 16, 2009, 4:30 p.m., Hawaii-Aleutian Standard Time (HST).

The Grant Application Form and Required Preliminary Documentation must be postmarked or hand-delivered by September 16, 2009, 4:30 p.m. HST to:

Legacy Land Conservation Program
Hawaii Department of Land and Natural Resources
1151 Punchbowl Street, Room 325
Honolulu, HI 96813

Please see the Grant Application Instructions for details, available at: <http://hawaii.gov/dlnr/dofaw/llcp>.

ATTENTION: Due to the fiscal situation it is uncertain if any awards will be issued in upcoming year, however, the Department of Land and Natural Resources feels it is worthwhile to proceed with a request for applications as that situation is evolving. This request for applications may be cancelled and any or all proposals rejected in whole or in part, without liability, when it is determined to be in the best interest of the State. Final awards are subject to the availability of funds and are also subject to budget restrictions and procedures implemented under the Fiscal Year 2010-2011 Executive Biennium Budget Instructions.

Project Title: Kainalu Forest Watershed (KFW)

Applicant: DLNR - Division of Forestry & Wildlife

Project Location (Island and District): East Molokai

APPLICATION PACKAGE CHECKLIST (check the boxes if the following items are attached and provide an explanation if they are not):

- ☒ Letter from current landowner acknowledging project and indicating willingness to sell
- ☐ A preliminary title report
- ☒ A general location map and a parcel map
- ☒ At least one (1), but no more than three (3) photos of the property
- ☒ Any concise and relevant appended/supplementary materials (optional)
- ☐ FOR NONPROFIT LAND CONSERVATION ORGANIZATIONS
 - o Copy of mission statement and
 - o IRS 501 (c) (3) or (c) (1) non-profit status determination letter
- ☐ WHERE INTENDED HOLDER OF PROPERTY IS OTHER THAN APPLICANT:
 - o the intended holder must sign this form as a co-applicant and provide any forms required of applicants AND provide a letter indicating willingness to participate

CERTIFICATION:

I/We hereby certify that the statements and information contained in this Legacy Land Conservation Program Grant Application, including all attachments, are true and accurate to the best of my/our knowledge and understand that if any statements are shown to be false or misrepresented, this application may be rejected.

Michael Constantinides for Paul Conry

Name* (please type)

Michael Constantinides for PJC

Signature* (sign after printing)

DOFAW Administrator

Title

9/16/09

Date

Co-applicant (if applicable):

Name* (please type)

Title

Signature* (sign after printing)

Date

* Must be authorized to sign on behalf of agency or organization.

SECTION A. APPLICANT INFORMATION

Agency / Organization Name	State of Hawaii, Department of Lands & Natural Resources Division of Forestry & Wildlife
Mailing Address (PO Box or Street, City, State, Zip)	1151 Punchbowl St. Rm 325 Honolulu, HI 96813
Contact Person and Title	Sheri Mann, Cooperative Resource Forester
Phone Numbers (best contact, work, cellular)	808-587-4172, 808-721-6092
Email Address	sheris.mann@hawaii.gov
Agency / Organization Website (include URL to any specific pages regarding this project)	http://hawaii.gov/dlnr/dofaw/forestry/hflp/projects

SECTION B. TYPE OF ACQUISITION

1. We are requesting funding for the acquisition of:

Fee simple interest in private land	<input type="checkbox"/>
Permanent conservation or agricultural easement	<input checked="" type="checkbox"/>

2. We intend for the property interest to be held by:

State of Hawaii	<input checked="" type="checkbox"/>
County of:	<input type="checkbox"/>
Other (indicate entity)*:	<input type="checkbox"/>

* If the intended holder of the interest is an entity other than the applicant, please attach a letter from this entity acknowledging its participation in the project.

SECTION C. DESCRIPTION OF LAND (SUMMARY)

1. Location of property (please be as specific as possible; for example, "Moloaa, makai, located on the north shore of Kauai"):

Eastern Molokai, mauka of Kamehameha V Highway. The property runs up to 3300 feet at Wailau Valley and down to about 50 feet in elevation.

2. Tax Map Key(s) (use the following format: "(4) 5-6-007:008"):

(2) 5-7-005:022, (an entire TMK)

3. Size of property (indicate acreage or square footage):

614 acres

4. What types of easement(s) are located on the property? (for example: vehicular, pedestrian for beach access, utility, etc.):

None

5. Does the seller have full undivided fee ownership of property ("clear title")? If not, please explain. Attach a preliminary title report (see instructions).

Yes, preliminary title report shows a clear title.

6. Will the public have access to property or easement? ☒ Yes ☐ No

7. Please provide the following land use information:

State Land Use Designation	Agriculture & Conservation
County Zoning	AG 10
County General /Community Plan Designation	AG, Conservation & Wellhead Protection Area
Flood Zone Designation	Zone C

8. Is property located in a Special Management Area? ☐ Yes ☒ No

9. Please describe any structures (e.g. size, location, use, condition, etc.) on the property.

There is single 24ft x 24ft wooden cabin and two water sumps approximately 4ft x 12ft.

10. What kinds of land uses/activities are underway on the property? Please describe land uses/activities underway on the subject property and on bordering properties.

Forest Stewardship plan: invasive spp control, native spp restoration/habitat protection. NRCS wetland restoration on makai section of Ranch. Molokai Land Trust conservation land to West. Safe Harbor nene in development

11. What types of surveys or documented analyses, if any, have been conducted regarding the property (e.g. environmental assessments, cultural assessments, environmental impact statements, biological field surveys, archeological surveys, Special Management Area permit applications)?

Baseline Documentation Report completed, which includes aerial photos, extensive on ground surveys of biological resources, and cultural & archeological feature assessment. Long term Forest Stewardship plan.

SECTION D. PRESERVATION PURPOSES

1. We propose that the property be acquired for the following preservation purpose(s) (check all that apply, and then provide more information regarding the preservation purposes in numbers 2 through 10 below for *checked areas only*):

Watershed protection	<input checked="" type="checkbox"/>	Parks	<input type="checkbox"/>
Coastal areas, beaches and ocean access	<input type="checkbox"/>	Natural areas	<input checked="" type="checkbox"/>
Habitat protection	<input checked="" type="checkbox"/>	Agricultural production	<input checked="" type="checkbox"/>
Cultural and historical sites	<input checked="" type="checkbox"/>	Open spaces and scenic resources	<input checked="" type="checkbox"/>
Recreational and public hunting areas	<input checked="" type="checkbox"/>		

2. Watershed Protection: Please describe the watershed function of this property: (elevation gradient, type/condition of vegetation, presence of perennial or ephemeral streams or drainage channels, other water bodies, etc.).

The KFW includes the headwaters for two perennial streams and their tributaries and three gulches that encompass a range of vegetation types, animal habitats, and upper elevation wetlands. This watershed significantly contributes to the State designated "Molokai Sole Source Aquifer" that supports

both urban and agricultural water needs. The upper forested area is also important watershed cover that prevents soil from eroding and damaging near-shore coral reef ecosystems and historic fish ponds, directly makai of this parcel.

(character limit 1,200)

3. Coastal areas, beaches and ocean access: Please describe the environmental significance of this property (e.g. length of shoreline, intertidal areas, type/amount of beach, coastal strand vegetation, extent of erosion, etc.). Please describe the type and extent of ocean access.

The federally endangered Hawaiian monk seal has been documented beaching on the shore line below the KFW parcel. The reef on this coast line is the longest continuous reef in the United States and rated as one of the most pristine in the world. Protecting the upland forests and the watersheds they support, will provide important protection for all the coastal areas makai of this parcel.

(character limit 1,200)

4. Habitat Protection: Please describe the types of habitat present within the property, including the types of wildlife species that use the area and the elevation range of the property. Describe the condition of habitat, including the presence of both threatened & endangered and invasive species. Describe the size/diversity of wildlife populations. Note if the habitat is formally designated (e.g. critical habitat, wildlife refuge, etc.). Note also the condition and extent of wildlife habitat on adjacent lands.

This watershed & stream systems are essential to native species survival including the rare gobi fish, shrimp, & limpet that migrate between near shore & mtn habitats for reproduction. Vegetation types range from lowland mesic forest (3 subtypes: lama/ohia; kukui; Christmas berry forests); lowland dry/mesic grasslands; Ohia Wet Shrublands; Ohia/Uluhe Wet forest; and forestry plantations (Euc. robusta & Koaia). The mauka areas are more pristine than lower areas that contain non-natives species. KFW has numerous federally listed species including invertebrates (damselflies, moths, land snails, beetles, Pomace flies), forest & migratory birds and various plant species. A list/table of federal listed species on KFW is attached. KFW is visited by the endangered Hawaiian goose - Nene & the Ranch is developing a Safe Harbor Agreement for the bird. Newell Shearwaters were recently discovered on KFW in multiple nesting pairs, which is the 1st sighting on Molokai in decades. The landowner has also out-planted 12 of the endangered Loulu palm and is surrounded by critical habitat for 2 other plant species. Ongoing research has also identified a new radiation beetles.

(character limit 1,200)

5. Cultural and historic sites: Please identify the presence, location and condition of cultural or historic structures or sites (e.g., heiau, lo'i, burials, burial caves, dunes, or remnant walls) on the property. Identify any sites that are listed on or eligible for the National Register of Historic Places.

KFW contains several historic village sites along its stream corridors including a heiau built to summon rain, taro terraces (lo'i kalo) for traditional Polynesian farming, and living platforms (hale moe). Many of these cultural sites are found in the book 'Molokai: A Site Survey' by Catherine Summers, in which the author quotes Chief Kanepu'u as saying of the Kainalu watershed, "the plains of this place are plentiful and life there is pleasant". The book also speaks about the legend of Nanawe, the shark god, from which 3 major geological features of KFW have been named including Pawalu Bay (8 children gone), Puu Mano (shark hill), and Kaimu Mano (the shark oven). There are numerous walled formations (kuapa) found on the parcel that were historically used to delineate cattle pastures soon after cattle were introduced, and eventually used for handling the animals by the first Hawaii paniolo. Offshore of KFW is an ancient fishpond dating to the 13th Century. These archeological sites were typically built below intact upland forests.

(character limit 1,200)

6. Recreational and public hunting areas: Please identify ongoing types and levels of public recreational activity on the property and describe the level of public access. Please identify the types of activities anticipated after acquisition of the property. Is public hunting currently underway on the property? Is the property within a Game Management Area?

The Kainalu Ranch is currently developing a Safe Harbor Agreement (SHA) with the US Fish & Wildlife Service for Nene and possibly the Loulu palm. Access for various management and monitoring will take place as it pertains to these SHA's. This property is not within a Game Management Area. Due to the use of various Federal funding sources, significant access for monitoring will be required annually to ensure the terms of the conservation easement, and that the condition of the forested habitat is not significantly altered in a negative way. Access to support ongoing research conducted by Cornell University and University of Hawaii, and ongoing management is and will remain active. Managed public hunting is likely not an allowable use, however, as it pertains to ongoing management practices, the landowner is interested in suppressing feral animals and their impacts to native forest, on this parcel.

(character limit 1,200)

7. Parks: Is the parcel within or adjacent to a Federal, State or County Park? If so, please describe.

Yes, KFW is East of the State Molokai Forest Reserve.

(character limit 1,200)

8. **Natural Area:** Please describe the natural resources on the property (e.g. streams, estuaries, anchialine ponds, dunes, caves, forest, etc.). Is the property within or adjacent to a formally designated natural area (e.g., Natural Area Reserve, Refuge, Sanctuary, etc.)?

There are two perennial streams and tributaries located on the KFW. The headwaters for these stream systems are also located on the KFW parcel, which represents the upper reaches of a delineated watershed and ahupuaa. The forested watershed contributes to aquifer recharge for Molokai. There are two out-planting sites on the property for rare species including the 10 acre Acacia koaia grove, of which the source population was burned in the recent fire on the island. The other out-planting locations contains the 12 Loulu palms, Pritchardia munroi. The KFW also provides for a dark corridor from nesting sites to the ocean for the Newell Shearwaters where young fledges can reach the ocean without confusion by bright lights.

(character limit 1,200)

9. **Agricultural Production:** Please describe the types and extent of agricultural activities underway on the property or adjacent to the property. Note if there is a record of past agricultural activities.

The KFW currently has some grazing habitat for managed cattle primarily in the lower elevations of the parcel. These paddocks are also frequented by the Nene goose which forage in the open grassy areas. Managed grazing will be continued under the conservation easement in the current paddock areas. There will not be any expansion of grazing habitat. The Kainalu Ranch was historically a working cattle ranch.

(character limit 1,200)

10. **Open spaces or scenic resources:** Please describe the open space values of the property. Is the property readily visible from surrounding and/or distant areas? Describe the view plane from the property. Does the property itself have unusual or exceptional value as a site from which to view and appreciate scenic vistas?

The KFW provides an unobstructed view plane from makai to mauka. The views from all areas of this parcel are exceptional. Recent access to the mauka portions of this parcel during the Baseline study, show photographs of the entire watershed that invokes an emotional profundity.

The makai views from this parcel include numerous fish ponds; coral reefs; the channel and all of leeward West Maui; and West Lanai. The mauka view provided by the sheer elevation change and the massive gulches, provide a stunning view of waterfalls; Norfolk Island Pine lined mountain ridges; upland wetland plains frequented by various native birds; rivers and streams; pristine ohia & native forests; unique wildlife; and recently planted rare species. This green watershed significantly adds to the character of Eastern Molokai.

(character limit 1,200)

SECTION E. ENVIRONMENTAL HAZARDS

1. If there are suspected or potential hazards associated on or related to this property, please check all the following that apply and describe each:

There are no known hazards.	<input type="checkbox"/>
The property is a designated brownfield (former industrial use).	<input type="checkbox"/>
There has been illegal dumping /hazardous materials.	<input type="checkbox"/>
The property is prone to flooding or is a natural drainage basin.	<input checked="" type="checkbox"/>
The property is prone to falling rocks or mudslides.	<input type="checkbox"/>
The features of the property's surface are potentially hazardous (i.e. uneven, rocky, or fallow terrain, overgrowth of flora, etc.).	<input checked="" type="checkbox"/>
Other suspected or potential hazards:	<input type="checkbox"/>

SECTION F. FUNDING REQUEST

1. What is the fair market value of the fee simple property?

\$ 5,500,000 (approximation)

2. What is the fair market value of the conservation / agricultural easement?

\$ 4,000,000 (approximation)

3. How were the estimated values determined?

	<u>Fee Simple</u>	<u>Easement</u>
Appraisal Report (indicate date & author of report)	Full Appraisal, May 1990 - Lester & Martin, Ltd.	
Current County Tax Assessed Value		Full Title Report in process
Other (please specify)	Comparable sales of Molokai Land Trust acquisition	Comparable sale - FY07 Kainalu Ranch FRPP easement

4. Is the property or easement currently listed for sale or has it been listed for sale within the past two years?

- ☐ Yes. Asking price: \$
- ☒ No.

5. Please provide an estimated timeline for acquisition (note that funding will expire two years from date of award agreement):

The acquisition is anticipated to close within one year of notification of funding. Baseline Documentation Report is completed and Conservation Easement language is currently under review. Preliminary Title Report is complete, full report in progress. The State is in the process of securing a preliminary and final appraisal. \$1.5 million in funding has been secured and an additional \$2 million has been requested and pending award through other private and public funding sources.

(character limit 500)

6. What is the total estimated cost for acquisition? Please use the table below:

Estimated Acquisition Cost Worksheet				
Expense Item	Estimated Cost	% of Costs to be Paid by:		
		Land Owner	Applicant	Other (specify)
Appraisal report	\$15,000		100%	
Title report	\$1,000	100%		
Property survey	\$5,000		100%	
Subdivision	n/a			
Environmental investigation	\$3,000		100%	
Other:	\$250,000	100%		Land Value Donation
Other:				
Other:				
Other:				
Subtotal	\$ 274,000			
Estimated Value of Property	\$ 4,000,000			
TOTAL ANTICIPATED COST OF ACQUISITION	\$ 4,274,000	5.8 %	94.2 %	%

7. What are the anticipated matching funds? Please use table below:

Estimated Matching Funds Worksheet			
Type	\$ Amount	Source of Funds or Basis of Valuation	Status* (Secured/Pending)
Private funds	\$1,000,000	Acres for America	Pending
Public/other funds	\$1,500,000	FY 09 Recovery Land Acq.(RLA)	Secured
Public/other funds	\$1,500,000	FY10 Forest Legacy Progm/RLA	Pending
Public/other funds			
Public/other funds			
Land value donation (can include bargain sale reduction in price from fair market value in this category)	\$250,000	Landowner Donation	Pending final appraisal price
In-kind contributions	\$24,000	State funds (federal source)	
TOTAL MATCHING FUNDS	\$ 4,274,000 (88)%		
AMOUNT BEING REQUESTED FROM THE LEGACY LAND PROGRAM	\$ 500,000 (12)%		
TOTAL ANTICIPATED COST OF ACQUISITION	\$ 4,274,000 (100)%		

* Please describe the current status of any pending funds and indicate the date that any pending funds will become available if they are awarded:

US Fish & Wildlife Recovery Land Acquisition (RLA) awarded \$1.5 million for KFW in FY 09. US Forest Service Forest Legacy Program (FLP) request for \$1.5 million pending award by US Congress (included in Presidential Budget request). An additional \$1.5 million has been requested from FY 10 RLA in lieu of the FLP. \$1,00,000 is requested from Acres for America, award notification in March 2010.

(character limit 500)

SECTION G. PROJECT DESCRIPTION

Please attach answers to the questions below on a separate sheet and attach it to the application form. Make sure to number your answers so they correlate with the numbered questions below. Please limit the length of your answers to Questions 1 and 2 to one single-spaced page, Times New Roman 12-point font, 1 inch margins.

1. Briefly describe the overall significance and importance of the property and/or easement.
2. Identify any conditions that threaten the significance and importance of the subject site. This may include anticipated uses of neighboring lands, environmental conditions (e.g. sedimentation, runoff, invasive species, conflicting activities, etc.).

SECTION H. STEWARDSHIP AND MANAGEMENT

Please attach an answer to the question below on a separate sheet and attach it to the application form. Please limit your answer to Question 3 to two single-spaced pages, Times New Roman 12-point font, 1 inch margins.

3. Briefly describe the proposed use of the acquired property or easement including any short and long term goals, resource management plan, sources of start up funding, operation and maintenance funding. Disclose any intended commercial uses. Will any intended activities on the land require permits? What entity (if not the applicant) will manage the property/easement? Please describe the expertise and experience of the managing entity. How will any cultural resources that are present integrate into the overall preservation/protection and use of the property?

SECTION I. CULTURAL AND HISTORICAL SIGNIFICANCE

Please attach an answer to the question below on a separate sheet and attach it to the application form. Please limit the length of your answer to Question 4 to two single-spaced page, Times New Roman 12-point font, 1 inch margins.

4. Briefly describe the cultural significance and historic uses of the property. As guidance, please consider the following information:
 - a. Name of area; translation and possible interpretation;
 - b. Known pre-contact history and land uses; and
 - c. Neighboring areas/ahupua`a information and its relationship to the site being considered.

The following resources are available to assist in research: Office of Hawaiian Affairs (OHA), State of Hawaii Historic Preservation Division (SHPD), University of Hawaii Center for Hawaiian Studies, Kamehameha Schools/Bishop Estate, Bishop Museum.

Section G. Project Description

Question #1 – Significance & Importance of Property:

The Kainalu Forest Watershed extends from near sea level to the rim of Wailau Valley at 3300 feet elevation, a distance of nearly three miles. There are three gulches on the property that encompass a range of vegetation types and species habitats. The upper elevation forested area is a critical watershed that prevents soil from eroding and damaging near-shore coral reef ecosystems and ancient Hawaiian fishponds. The KFW also contributes to the freshwater resources of East Molokai, including the headwaters of two major stream systems, upper elevation wetlands supporting rich soils and groundwater recharge to the island's single aquifer.

This easement will protect habitat for numerous federally listed endangered or threatened species (18 recently documented on KFW). Of these species, the threatened Newell's Shearwater has recently been sighted foraging and transiting to and from nesting sites in remote areas of the KFW, an occurrence that has not been documented for decades on Molokai. The KFW provides a dark corridor between their nesting sites and the sea that is needed by easily disoriented fledglings that can be confused by bright lights associated with developed areas. The endangered State bird, Nene, also frequents the KFW. The number of Nene have increased on Molokai in recent years due to active captive-bred and release programs on private lands on Molokai. This success is due largely to the unique habitat and undeveloped mauka/makai corridors on this part of the island, of which the KFW is integral.

KFW conservation easement is 614 acres of strategic watershed on East Molokai. The KFW is part of 1200 acre Kainalu Ranch that represents nearly an entire watershed and ahupua'a. Surrounding efforts to the KFW include Dunbar FRPP easement; Molokai Land Trust land; Molokai Forest Reserve; Natural Area Reserve; Puu O Hoku Ranch easement (Maui Coastal Land Trust); The Nature Conservancy Preserve; and Kamehameha School's lands.

Question #2 – Potential Threats to Property:

One of the most important threats to conservation minded landowners in Hawaii is the prospect of high estate and inheritance taxes passing to the next generation. The Kainalu Ranch has been in the Dunbar family for nearly 100 years as a working horse and cattle ranch. During the last transition of family ownership, the Dunbar's were faced with the possibility of selling portions of the ranch to cover estate taxes. Fortunately, the family was able to keep the ranch largely intact and are now interested in utilizing alternatives like conservation easements to protect future generations from facing a similar possibilities of selling portions of the ranch to cover estate taxes and establishing financial security to enable permanent conservation protection of KFW into the future. This conservation easement will allow future generations to keep the Ranch in the Dunbar family, as well as continue to provide long term management and protection of the natural and culturally important archeological resources on the property. The Kainalu Ranch's vision is to protect critical watershed resources that many depend upon without sacrificing vulnerable lower elevation acres to development pressures.

The single greatest threat to this critical watershed, including coastal estuaries and coral reefs, is urbanization and water diversion, both of which contribute to sedimentation and increases in nutrients. Three of Molokai's four potable water wells are threatened by real estate speculation, urbanization, salinity spikes, falling sustainable yields, and out-of-watershed water transfers. Only the East end well is currently in a stable pumping condition. It is very important for east Molokai landowners to maintain their upland forests in order to protect and maintain water for all uses on this island.

Section H. Stewardship & Management

Question #3 – Plans for future management

While this property has been used primarily for ranching purposes for much of the past century, during the past 2 decades a shift towards conservation uses has been happening. In the early 1990's a Forest Stewardship Program contract was entered into by the Ranch, which provided cost/share funds for 10 years and management of all conservation and restoration practices installed during that time for another 5 years (total of 15 yrs). This long term stewardship plan was critically reviewed and authorized at the Governor level, and has been very successful in reforesting much of the Ranch (including some of the lower areas of the 614 parcel), removal of many invasive species, planting of rare native plants (*Acacia koaia* and *Loulu*), installation and repair to miles of fence and removal of feral cattle from upland areas into lower elevation fenced paddocks.

On the makai portion of the Ranch is an ongoing wetland restoration project, partially funded by the Natural Resource Conservation Service (NRCS). When completed, this will provide a robust coastal estuary habitat for many migrant and local bird populations.

Due to the increasing native habitat, the Ranch is developing several Safe Harbor Agreements (SHA) with the US Fish & Wildlife Service and the State that will provide baseline documentation of plant and animal occupation on the Ranch, provide monitoring & rehabilitation efforts for those species, and protection for the Ranch in the unlikely event of a take of one or more of these species. On nearby Puu O Hoku Ranch, an SHA has been in affect for many years and the results from it are very positive, so much that Nene are now flourishing on East Molokai, and on the Kainalu Ranch.

During the recent Kainalu Ranch Conservation Easement Baseline Documentation Report development (still in draft form and attached to this application) several pairs of Newell Sherwaters were seen roosting and foraging on the 614 acre parcel. This is very rare and has not been officially documented in many decades. Much follow-up surveying will be done both by the State and the US Fish & Wildlife Service. This is further indication of the pristine intact forest in the upland area of this parcel. Extensive photo documentation was completed as part of the Baseline and is available upon request.

The Conservation Easement (CE) document is in its final draft form, having had rigourous review by the Ranch (and attorneys) and the State. Currently, the State is in the process of purchasing an appraisal based on this CE and the Baseline. Furthermore, a Phase I (Hazardous Materials search) will also be conducted in the very near future as part of the overall necessary due diligence process.

The Ranch expects to utilize a substantial portion of the funds from the sale of this CE for the establishment of a endowment for the sole purpose of conservation management practices on the Ranch. These funds will be also be used as match to leverage various State and Federal funds for conservation and restoration purposes.

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Due to the various archeological resources found on the parcel, and the deep cultural history related to it, there is no commercial use intended for this parcel whatsoever. The only permits that may be sought on the property are for the construction of new fences for feral animal control. No new structures are expected to be built, no new roads put in, or major alterations to the terrain in any way planned for this parcel.

Section I. Cultural and Historical Significance

Question #4 – Briefly describe the cultural significance and historic uses of the property.

The KFW is located in Kainalu and Puniuohua ahupua'a, Island of Moloka'i, Maui County. Kainalu was the birth place of Abner Paki, the father of Benice Pauahi Bishop. The Property extends from near sea level at Kainalu Stream over two miles inland and upslope, near Pu'u Ohelo and the southeastern rim of Wailau Valley. The Property is dissected by three gulches, Welo, Kainalu, and Kahawaiiki. Kainalu Ranch is bordered to the east, west, and north by private lands. The southern boundary is adjacent to other Kainalu Ranchlands. To the west, the Property is adjacent to a Conservation Easement granted by Kainalu Ranch to the Maui Coastal Land Trust and consists of approximately 166 acres as well as other private lands. The western boundary at Lapamoku Ridge on the west side of Kainalu Gulch is directly adjacent to the Moloka'i Land Trust's Kawaikapu Conservation Easement, consisting of 174 acres, and other private lands. The Property is approximately 3.5 miles west and 2 miles west of two Conservation Easements granted to the Maui Coastal Land Trust by neighboring Pu'u O Hoku Ranch; these easements are approximately 82 and 3400 acres each, respectively. The mauka or northern boundary is less than one-quarter mile from Wailau Valley.

KFW contains several culturally important ancient village sites along stream corridors including a temple (heiau) built to summon rain, taro terraces (lo'i kalo) for traditional Polynesian farming, and living platforms (hale moe). There are numerous walled formations (kuapa) found on the parcel that were historically used to delineate cattle ranges soon after cattle were introduced, and eventually used for handling the animals by the first Hawaii cowboys (paniolo). Just offshore of KFW is an ancient fishpond dated to the 13th Century. These are archeological sites, usually built below important upland forests, that early Polynesians built to catch fish using ingenious intake systems that trap fish inside the pond. Other cultural sites on the property are documented in the book *Molokai: A Site Survey* by Catherine Summers, in which the author quotes Chief Kanepu'u as saying of the Kainalu watershed, "the plains of this place are plentiful and life there is pleasant". The need to preserve biodiversity and culturally significant areas in Hawaiian mauka to makai (ridge to reef) watersheds is well-documented in both the history of Hawaii and in the American Plains.

The book also speaks about the legend of Nanaue, the shark-man, from which 3 major geological features of KFW have been named including Pauwalu Bay (eight destroyed), Puumano (shark hill), and Kaimu Mano (the shark oven). The names of these features tell the story of a cannibal shark-man, Nanaue, on Molokai that killed seven children in a family. The eighth child was sent out as bait, and the shark-man was caught at Kainalu and dragged up the gulch and hill. His body left a shallow ravine near the top of Puumano; where there is a rock with a deep groove entirely around it. The people cut up Nanaue with pieces of bamboo and burned his flesh. His father, Kamohoalii, was angry and henceforth bamboo growing here is dull. The exact location of the oven where the shark-man is unknown, but the area retains its name. These legends and the historical sites they came from are treasured cultural resources for the people of Hawaii, and they reflect the rich heritage of Kainalu and Molokai. Many of the relics can still be found within KFW.

Kainalu Ranch has been in the Dunbar family for nearly 100 years. It is a working horse and cattle ranch. There is evidence of previous use by Hawaiian settlers, since there are archaeological sites along Kainalu Stream in the lower elevations. There are also at least nine plant species persisting on the Property that are widely accepted as being introduced by the

original Polynesian settlers. These so called “canoe plants” include `ohia `ai (*Syzygium malaccense*, mountain apple), noni (*Morinda citrifolia*), ki (ti, *Cordyline fruticosa*), kalo (*Colocasia esculenta*, taro), hoi (*Dioscorea bulbifera*, *D. pentaphylla*, yams), ulu (*Artocarpus altilis* or breadfruit), kukui (*Aleurites moluccana*, candlenut, the State Tree) and mai`a (*Musa x paradisiaca* or banana).

Kip and Leslie Dunbar
<kipandlesiedunbar@
gmail.com>

To "Sheri.S.Mann@hawaii.gov"

cc

09/14/2009 06:05 PM

Subj Kainalu Forest Watershed LLCP Application
ect

Aloha Sheri,

Please use this letter as your authority to apply for the Legacy Land Conservation Fund grant of 500K. This letter confirms that I, Kip Dunbar, am a willing seller and sole owner of the 614 acre parcel on Kainalu Ranch. This also confirms that I am aware that the State is developing a LLCP application in conjunction with myself. Finally, I fully support and authorize all information in the Draft Kainalu Ranch Conservation Easement Baseline Documentation Report and all of the photographs associated with it. Please use all of this information as needed for the LLCP application.

Much aloha,
Kip Dunbar

STATUS REPORT

Maximum liability limited to
\$3,500.00

This report (and any revisions thereto) is issued solely for the convenience of the titleholder, the titleholder's agent, counsel, purchaser or mortgagee, or the person ordering it.

SCHEDULE A

Title Guaranty of Hawaii, Incorporated, hereby reports that, subject to those matters set forth in Schedule "B" hereof, the title to the estate or interest to the land described in Schedule "C" hereof is vested in:

DUNBAR RANCH PARTNERS,
a Hawaii limited partnership,
as Fee Owner

This report is dated as of September 9, 2009 at 8:00 a.m.

Inquiries concerning this report
should be directed to
CHERYL ANZAI.
Email canzai@tghawaii.com
Fax (808) 521-0287
Telephone (808) 539-7720.
Refer to Order No. 200942742.

**SCHEDULE B
EXCEPTIONS**

1. Real Property Taxes, if any, that may be due and owing.

Tax Key: (2) 5-7-005-022 Area Assessed: 614.000 acres

-Note:- Attention is invited to the fact that the premises covered herein may be subject to possible rollback or retroactive property taxes.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. Molokai Forest Reserve, as shown on the tax map.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

-Note:- A current survey, with metes and bounds description, should be made of said premises.

END OF SCHEDULE B

SCHEDULE C

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Land Patent Grant Number 3730, Apana 2 to Mrs. Emma M. Nakuina) situate, lying and being at Kainalu and Kawaikapu, Island of Molokai, County of Maui, State of Hawaii, bearing Tax Key designation (2) 5-7-005-022, and containing an area of 614.000 acres, more or less.

BEING THE PREMISES ACQUIRED BY DEED

GRANTOR : HAWAIIAN TRUST COMPANY, LIMITED, Trustee, a Hawaii corporation under unrecorded Trust Agreement dated January 1, 1953, as amended by Amendment dated May 18, 1981 made by William Bowles Dunbar

GRANTEE : DUNBAR RANCH PARTNERS, a Hawaii limited partnership

DATED : September 4, 1990

RECORDED : Document No. 90-156316

END OF SCHEDULE C

GUIDELINES FOR THE ISSUANCE OF INSURANCE

- A. Taxes shown in Schedule B are as of the date such information is available from the taxing authority. Evidence of payment of all taxes and assessments subsequent to such date must be provided prior to recordation.
- B. Evidence of authority regarding the execution of all documents pertaining to the transaction is required prior to recordation. This includes corporate resolutions, copies of partnership agreements, powers of attorney and trust instruments.
- C. If an entity (corporation, partnership, limited liability company, etc.) is not registered in Hawaii, evidence of its formation and existence under the laws where such entity is formed must be presented prior to recordation.
- D. If the transaction involves a construction loan, the following is required:
 - (1) a letter confirming that there is no construction prior to recordation; or
 - (2) if there is such construction, appropriate indemnity agreements, financial statements and other relevant information from the owner, developer, general contractor and major sub-contractors must be submitted to the Title Company for approval at least one week prior to the anticipated date of recordation.

Forms are available upon request from Title Guaranty of Hawaii.

- E. Chapter 669, Hawaii Revised Statutes, sets forth acceptable tolerances for discrepancies in structures or improvements relative to private property boundaries for various classes of real property. If your survey map shows a position discrepancy that falls within the tolerances of Chapter 669, call your title officer as affirmative coverage may be available to insured lenders.
- F. The right is reserved to make additional exceptions and/or requirements upon examination of all documents submitted in connection with this transaction.
- G. If a policy of title insurance is issued, it will exclude from coverage all matters set forth in Schedule B of this report and in the printed Exclusions from Coverage contained in an ALTA policy or in the Hawaii Standard Owner's Policy, as applicable. Different forms may have different exclusions and should be reviewed. Copies of the policy forms are available upon request from Title Guaranty of Hawaii or on our website at www.tghawaii.com.

DATE PRINTED: 9/14/2009

STATEMENT OF ASSESSED VALUES AND REAL PROPERTY TAXES DUE

NAME OF OWNER: DUNBAR RANCH PARTNERS
LEASED TO :

TAX MAP KEY

DIVISION ZONE SECTION PLAT PARCEL HPR NO.
(2) 5 7 005 022 0000

CLASS: 6,5 AREA ASSESSED: 614.000 AC

ASSESSED VALUES FOR CURRENT YEAR TAXES: 2009

The records of this division show the assessed values and taxes on the property designated by Tax Key shown above are as follows:

BUILDING	\$	0
EXEMPTION	\$	0
NET VALUE	\$	0
LAND	\$	23,500
EXEMPTION	\$	0
NET VALUE	\$	23,500
TOTAL NET VALUE	\$	23,500

Installment (1 - due 8/20; 2 - due 2/20) Tax Info As Of - 7/01/2009

Tax Year	Installment	Tax Amount	Penalty Amount	Interest Amount	Other Amount	Total Amount	
2009	2	75.00				75.00	PENDING
2009	1	75.00				75.00	PENDING
2008	2	55.42				55.42	PAID
2008	1	55.43				55.43	PAID
2007	2	55.42				55.42	PAID
2007	1	55.43				55.43	PAID

Total Amount Due: 150.00

Penalty and Interest Computed to:

DATE PRINTED: 9/14/2009

CLASS BREAKDOWN FOR TAX MAP KEY BELOW:

TAX MAP KEY					
DIVISION	ZONE	SECTION	PLAT	PARCEL	HPR NO.
(2)	5	7	005	022	0000
CLASS: 6	AREA ASSESSED:				459.300 AC
BUILDING	\$	0			
EXEMPTION	\$	0			
NET VALUE	\$	0			
LAND	\$	20,400			
EXEMPTION	\$	0			
NET VALUE	\$	20,400			
TOTAL NET VALUE	\$	20,400			

TAX MAP KEY					
DIVISION	ZONE	SECTION	PLAT	PARCEL	HPR NO.
(2)	5	7	005	022	0000
CLASS: 5	AREA ASSESSED:				154.700 AC
BUILDING	\$	0			
EXEMPTION	\$	0			
NET VALUE	\$	0			
LAND	\$	3,100			
EXEMPTION	\$	0			
NET VALUE	\$	3,100			
TOTAL NET VALUE	\$	3,100			

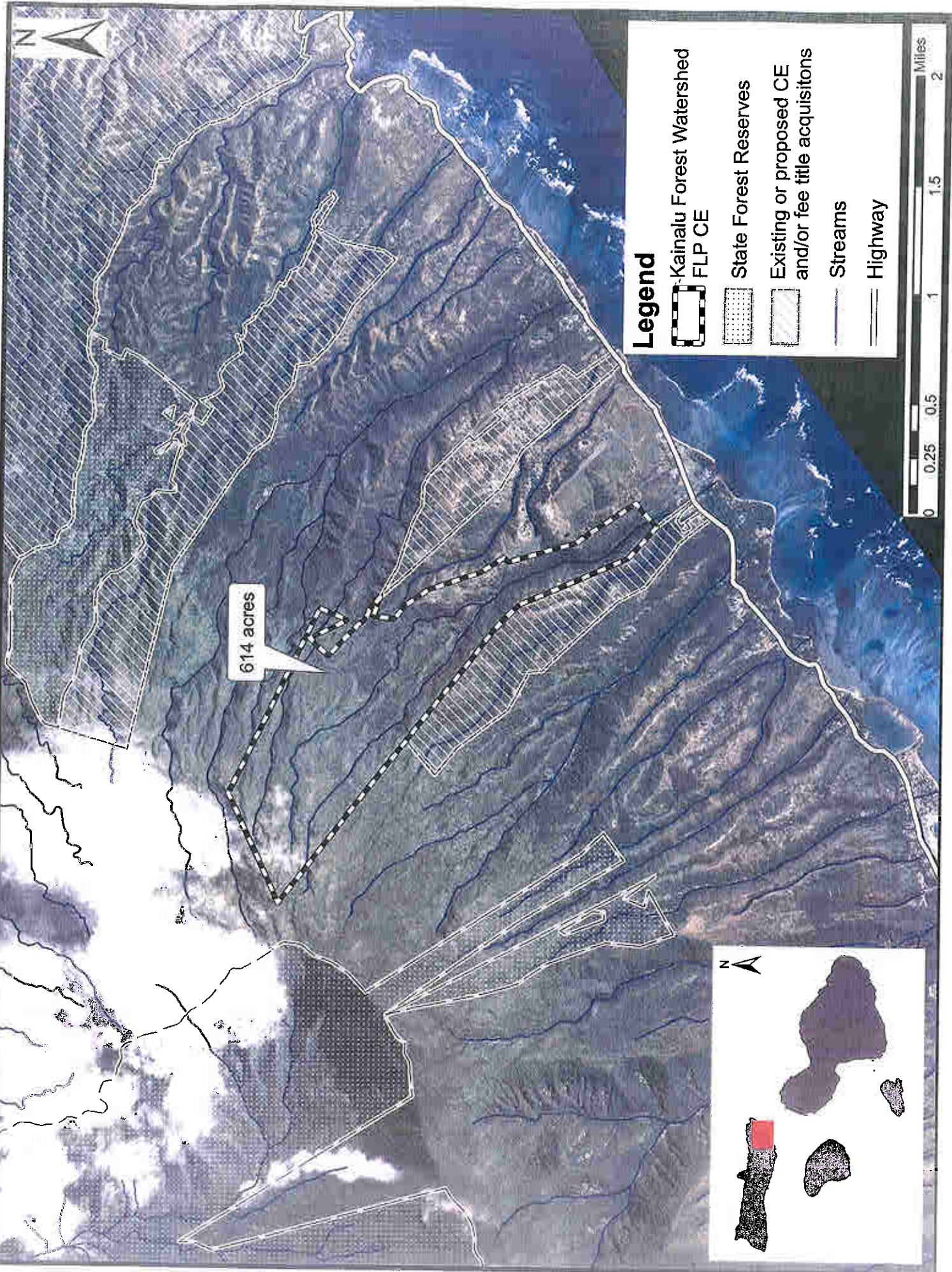
Federally listed threatened (T), endangered (E), species of concern (SOC) and candidate (C) species associated with KFW.

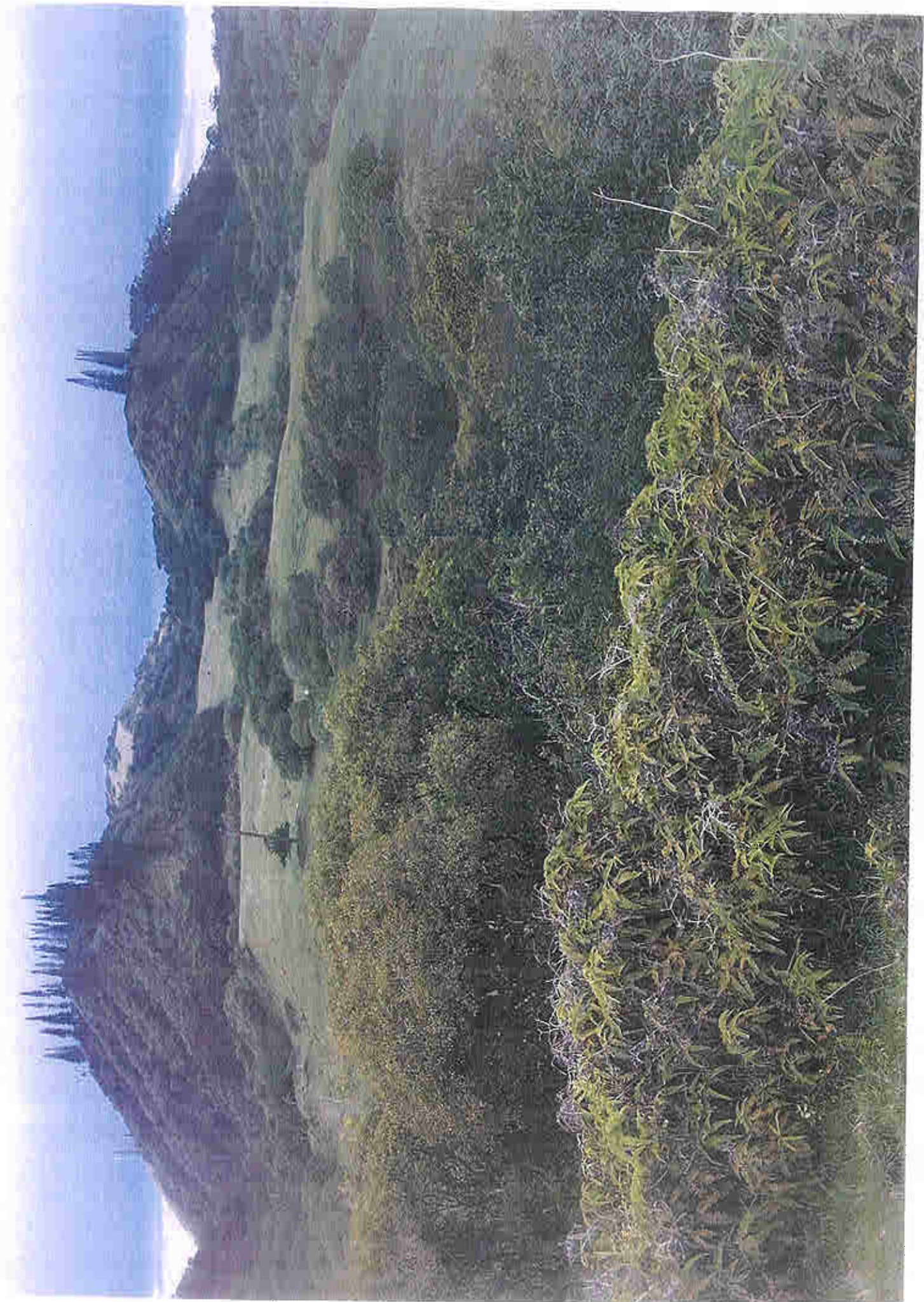
<i>Species Name</i>	<i>Hawaiian / Common Name</i>	<i>Federal Listing</i>	<i>Associated Plans</i>
<i>Designated Critical Habitat mauka (northern) boundary of KFW (two plant species)</i>			
Cyanea grimesiana ssp. grimesiana	oha, haha, 'ohe wau	Critical Habitat	
Melicope reflexa	Alani	Critical Habitat	Recovery Plan
<i>Species recently documented on KFW</i>			
Branta sandwicensis	Nene / Hawaiian Goose	E	State Wildlife Action Plan / Recovery Plan
Puffinus newellii	a'o / Newell's shearwater	T	State Wildlife Action Plan / Recovery Plan
Succinea sp.	Tree snail	SOC	
Megalagrion nigrohamatum subsp. nigrohamatum	Hawaiian Damselfly	SOC	
Pritchardia munroi	loulou lelo (plants)	E	Recovery Plan
Bidens wiebkei	ko'oko'olau	E	Recovery Plan
Brighamia rockii	alula	E	Recovery Plan
Canavalia molokaiensis	'awikiwiki	E	Recovery Plan
Cyanea dunbarii	haha	E	
Hibiscus arnottianus ssp. immaculatus	koki'o ke'oke'o	E	Recovery Plan
Gardenia brighamii	nanu	E	
Phyllostegia hispida		E	
Cyanea solanacea	Oha, Haha, 'Oha Wai,	SOC	
Cyanea solenocalyx	Oha, Haha, 'Oha wai	SOC	
Acacia koaia	koai'a	SOC	
Cyrtandra halawensis	ha'iwale	SOC	

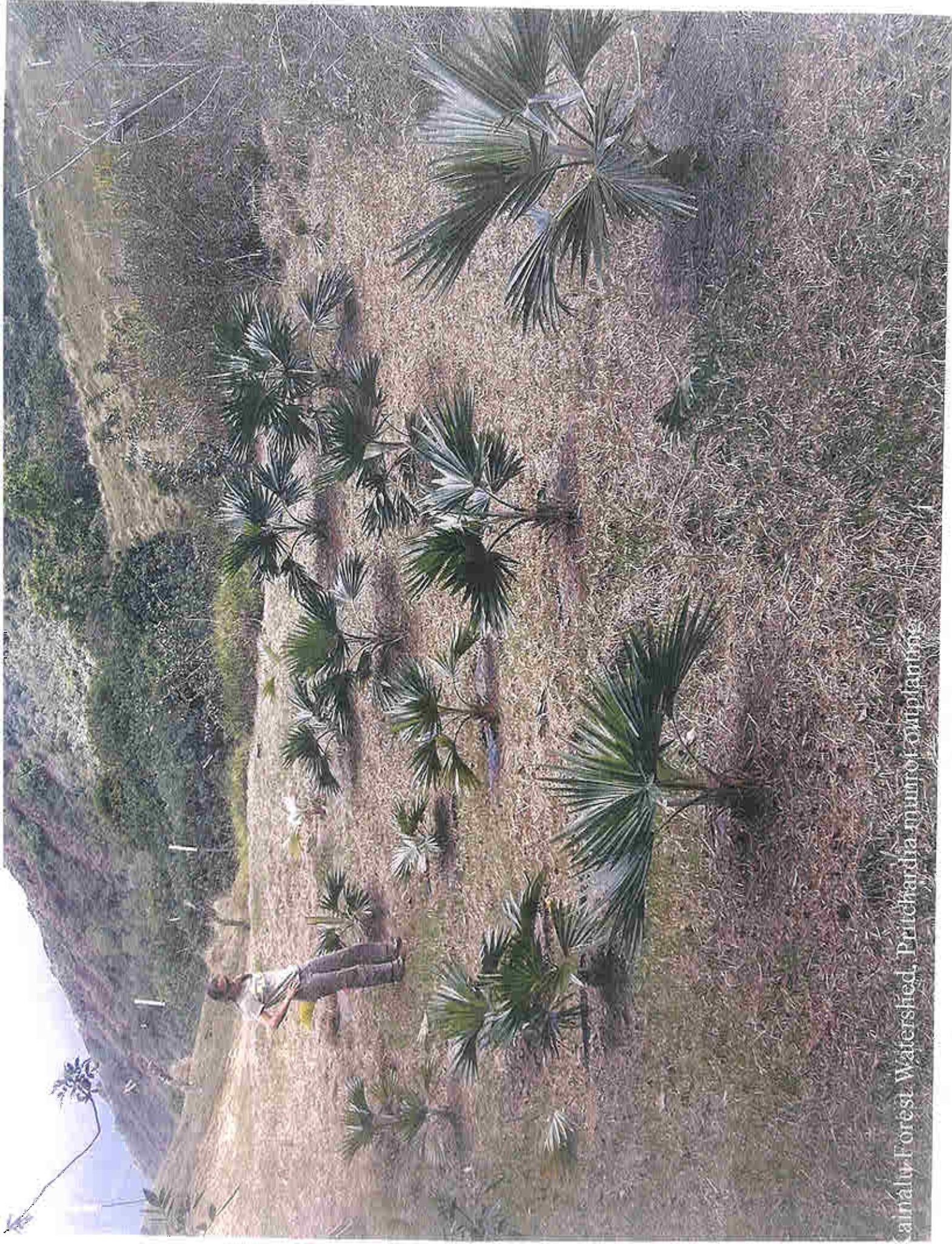
Additional Historical sightings within or surrounding KFW

Species Name	Common Name	Listing	Species Name (plants)	Common Name	Listing
<i>Fulica alai</i>	Hawaiian coot	E	<i>Melicope reflexa</i>	alani	E
<i>Gallinula chloropus sandvicensis</i>	Hawaiian gallinule	E	<i>Phyllostegia mannii</i>		E
<i>Myadestes lanaiensis rutha</i>	oloma'o / Molokai Thrush	E	<i>Stenogyne bifida</i>		E
<i>Paroreomyza flammea</i>	kakawahie / Molokai Creeper	E	<i>Botrychium subbifoliatum</i>	Makou	SOC
<i>Pssittirostra psittacea</i>	o'u	E	<i>Cyrtandra biserrata</i>	Ha'iwale, Kanawao Ke'oke'o	SOC
<i>Pterodroma sandwichensis</i>	'ua'u / Hawaiian dark-rumped petrel	E	<i>Cyrtandra halawensis</i>	Ha'iwale, Kanawao Ke'oke'o	SOC
<i>Vestiaria coccine</i>	Molokai i'iwi	E	<i>Cyrtandra lydgatei</i>	Ha'iwale, Kanawao Ke'oke'o	SOC
<i>Monachus schauinslandi</i>	Hawaiian Monk Seal	E	<i>Hibiscus kokio ssp kokio</i>	Koki'o 'ula'ula	SOC
<i>Manduca blackburni</i>	Blackburn's Sphinx moth	E	<i>Peperomia rockii</i>	Ala'ala wai nui	SOC
<i>Megalagrion pacificum</i>	Hawaiian Damselfly	E	<i>Phyllostegia stachyoides</i>		SOC
<i>Megalagrion xanthormelas</i>	Hawaiian Damselfly	E	<i>Diellia erecta</i>		C
<i>Newcombia spp</i>	Hawaiian land snail	SOC	<i>Gardenia remyi</i>	Nanu, Na'u	C
<i>Partulina spp</i>	Hawaiian land snail	SOC	<i>Joinvillea ascendens ssp ascendens</i>	Ohe	C
			<i>Schiedea pubescens</i>		C

Kainalu Forest Watershed Forest Legacy Conservation Easement (CE) - Eastern Moioakai







Cainaly Forest Watershed, *Pritchardia munroi* outplanting

Kamahi Forest watershed looking mauka





United States Department of the Interior

FISH AND WILDLIFE SERVICE

Washington, D.C. 20240



In Reply Refer To:
FWS/AES/DCHRS/041284

JUN 10 2009

Memorandum

To: Regional Directors, Regions 1-8

From: **Acting Deputy**
Director

Subject: Allocation of Recovered Cooperative Endangered Species Conservation Funds to HCP Planning Assistance, HCP Land Acquisition, and Recovery Land Acquisition Grants

This memorandum allocates approximately \$17.2 million of recovered funds to support projects in the Habitat Conservation Plan (HCP) Planning Assistance, HCP Land Acquisition, and Recovery Land Acquisition Grant Programs under the Section 6 Cooperative Endangered Species Conservation Fund. Funding to support these projects was recovered from prior year grant awards where a project was either unable to be completed, or where all of the funds awarded were not necessary or needed to complete the project. Approximately \$2.1 million was recovered for reallocation to HCP Planning Assistance grants, approximately \$13.2 million was recovered for reallocation to HCP Land Acquisition grants for acquisition of habitats in support of approved HCPs, and approximately \$1.9 million was recovered for reallocation to Recovery Land Acquisition Grants.

The April 6, 2009, memos allocating the FY 2009 appropriated funding to the HCP Planning Assistance, HCP Land Acquisition, and Recovery Land Acquisition Grant Programs indicated that partial funding was being provided to a limited number of HCP and Recovery Land Acquisition grant proposals. The memos also indicated that should additional funding become available, proposals receiving partial funding would be offered additional funding up to the full funding level originally requested. When allocating these recovered funds, the Service has attempted to offer additional funding to projects that were previously partially funded up to the full funding levels originally requested.

In this allocation of recovered funds, the Service has provided partial funding to a limited number of Recovery Land Acquisition grant proposals. This results in the need for the applicants to revise the original proposals to accommodate the reduced funding. As needed, the Regions should negotiate with the State or Territory to reach agreement on the revised goals and products. If agreement can be reached, the Regions should fund the revised proposals.

TAKE PRIDE
IN AMERICA

These proposals must include a revised project description. All other Federal requirements pertaining to grant agreements and the requirements outlined in the Request for Proposals (RFP) remain in full effect.

HCP Planning Assistance Grants

In the HCP Planning Assistance grant program, recovered funding will allow for the support of two additional projects; one receiving full funding and one receiving partial funding (*).

Project Title	Region	State	Additional Amount	Total Amount
Coordination and Planning of the Kauai Seabird HCP	1	HI	\$789,892	\$789,892
Southern Edwards Plateau HCP*	2	TX	\$1,340,691	\$1,340,691
Total Funding			\$2,130,583.00	\$2,130,583.00

*Indicates partial funding awarded

HCP Land Acquisition Grants

Two partially funded projects will receive funding up to the level originally requested (**). Two additional projects will receive full funding and one additional project will receive partial funding (*).

Project Title	Region	State(s)	Additional Amount	Total Amount
Ashford Project, Phase III: Emmons, Ward, Hancock A, Quigley, and Hancock B Parcels*	1	WA	\$3,557,219	\$3,557,219
Alabama Red Hills Salamanders**	4	AL	\$2,072,200	\$4,140,000
Trump National Golf Club Habitat Conservation Plan – Ocean Trails Habitat Conservation Plan	8	CA	\$1,500,000	\$1,500,000
County of San Diego Multiple Species Conservation Program (MSCP)	8	CA	\$6,000,000	\$6,000,000
East Contra Costa County Habitat Conservation Plan Upper Marsh Creek Watershed**	8	CA	\$92,800	\$2,500,000
Total Funding			\$13,222,219.00	\$17,697,219.00

*Indicates partial funding awarded

**Indicates partially funded project receiving full funding

Recovery Land Acquisition Grants

Four partially funded projects will receive additional funding up to the level originally requested (**).

Project Title	Region	State	Additional Amount	Total Amount
Kainalu Forest Watershed**	1	HI	\$500,000	\$1,500,000
Sonoita Creek Ranch Acquisition**	2	AZ	\$692,458	\$1,000,000
Acquisition of Marquette Island an important resource for Pallid Sturgeon and Interior Least Tern Recovery on the Middle Mississippi River, Cape Girardeau**	3	MO	\$420,126	\$662,825
Mojave River Riparian Area**	8	CA	\$346,500	\$2,266,869
Total Funding			\$1,959,084.00	\$5,429,694.00

** Indicates partially funded project receiving full funding

If you have any questions or need further information, please contact Don Morgan, Chief, Branch of State Grants at (703) 358-2444.



United States Department of the Interior

FISH AND WILDLIFE SERVICE

→ Sheri Mann
SF
MS
Michelle D. /fin

IN REPLY REFER TO:

FWS/R1/AES

APR 21 2009

Paul Conry, Administrator
Division of Forestry and Wildlife
1151 Punchbowl Street, Room 325
Honolulu, Hawaii 96813

Dear Mr. Conry:

We have received your cooperative agreement renewal materials and are pleased to announce that your Endangered Species Act (ESA), Section 6 Cooperative Agreement has been renewed for the current year. As a result, Fiscal Year 2009 section 6 grant funds are available to the Division of Forestry and Wildlife.

We are pleased to announce that the Director has approved \$1,000,000 for the Kainalu Forest Watershed Conservation Easement Recovery Land Acquisition proposal. Traditional conservation grant awards will be made at a later date.

The funding award for the Kainalu conservation easement is partial funding. If you accept partial funding, please submit a revised Application for Federal Assistance, Standard Form 424 with a revised project narrative and budget. Please send grant documents by May 29, 2009, to U.S. Fish and Wildlife Service, 911 NE 11th Avenue, Portland, Oregon 97232-4181, attention Heather Hollis.

In addition, compliance with the National Environmental Policy Act (NEPA), ESA, and National Historic Preservation Act (NHPA) must be completed prior to our obligating funds. Our Pacific Islands Fish and Wildlife Office will complete the ESA section 7 and NEPA compliance processes. If this project will "turn dirt," we encourage you to work with us and the State Historic Preservation Office to obtain NHPAC section 106 clearance.

Receipt and approval of the grant documents and documentation of environmental compliance are needed to complete the funding process for these worthy conservation projects. Completion of the approval process is necessary before costs can be incurred or reimbursed, unless otherwise specified in grant documents.

Prior to accessing funds for the purchase of property, the fair market value must be established by completing the following steps:

1. A State licensed or certified appraiser must conduct an appraisal that meets Federal Land Acquisition standards. Specifically, the appraisal must comply with the Uniform Appraisal Standards for Federal Land Acquisition (UASFLA). This appraisal must occur for the property or properties you plan to purchase, as well as for nonfederal land intended to be used as match for the Federal grant share.

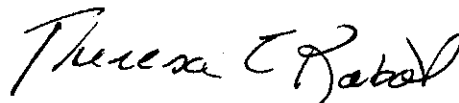
2. Following the appraisal, a State licensed or certified review appraiser must conduct a review of the appraisal and assure that UASFLA standards are met. The review can be conducted by your agency, by contract, or through agreement with another State agency. If you do not have access to a certified or licensed review appraiser, the Division of Wildlife and Sport Fish Restoration Program (WSFR) can coordinate with the Appraisal Services Directorate (ASD) under the Department of the Interior, National Business Center, to have ASD conduct the review appraisal for you. Please be aware that if you go through ASD, there are specific procedures that must be followed. In addition, workload issues in the ASD may affect the timeliness of the appraisal review.
3. The appraisal and review documents must be submitted to the Division of WSFR for review and approval prior to accessing funds to acquire the property.

In addition, land acquired with these grant funds, or used as match for Federal funds, shall be encumbered to ensure that the land will be managed in perpetuity to provide habitat for endangered species consistent with the goals and objectives of the grant agreement. For the final report you will be required to submit a copy or copies of: the deed(s) or title for each property acquired, including properties intended for match purposes; maps; title insurance policies; and the settlement statement, if necessary, to document the sales price.

If you have any questions or need assistance in preparing the appropriate documents, especially as it relates to engaging the ASD, please contact Heather Hollis at (503) 231-2372. Additional information regarding the grant process can be found in the Federal Assistance toolkit on the Service's website at: <http://training.fws.gov/fedaids/toolkit/toolkit.pdf>.

We look forward to another productive year of endangered species conservation efforts in Hawaii.

Sincerely,



Acting Regional Director

cc:

Gina Shultz, PIFWO
Jeff Newman, PIFWO
Craig Rowland, PIFWO
Project Leader, PIFWO
Kelly Sliger, WSFR
Barb Behan, WSFR
Scott Fretz, Division of Forestry and Wildlife
Norma Bustos, Division of Forestry and Wildlife
Randall Kennedy, Division of Forestry and Wildlife

Kainalu Forest Watershed

A Proposal to the US Fish & Wildlife Recovery Land Acquisition Grant Program



Figure 1. Kainalu Forest Watershed looking toward the ocean

Proposed by:
State of Hawaii
Department of Land & Natural Resources
Division of Forestry & Wildlife

Proposal Title: Kainalu Forest Watershed Acquisition

Project Summary and Objectives

The single largest threat to conservation minded landowners in Hawaii is the prospect of estate taxes for their children upon their passing. Many of the large landowners in the State are commonly referenced to as being land rich but financially poor. With the price of real estate not as effected by mainland markets, Hawaii property value continually increase, thus burden multigenerational landowners.

Kainalu Forest Watershed (KFW) conservation easement is 614 acres of strategic watershed on the eastern end of the Island of Molokai. The KFW is part of the 1200 acre Kainalu Ranch, which represents virtually an entire watershed. The KFW parcel extends from sea level to the Wailau Valley Rim, approximately 3400 feet in elevation, a distance of nearly two miles. The upper reaches of the property are composed of four native forested riparian areas with amphitheater intakes that contribute to the Kainalu and Waialua Streams. These intakes also contribute to a series of upland wetlands and are home to many rare species including the endangered Hawaiian State bird 'nene' (*Branta sandvicensis*) and a number of migratory and forest birds. These streams and wetlands produce a significant portion of the freshwater that sustains East Molokai residents and are important for animal and plant habitat sustainability.

Kainalu Ranch has been in Hawaiian hands since Polynesians landed in the islands and has been owned by the Dunbar Family for almost 100 years. With the passing of the prior generation, the Dunbar family came to the realization that they may have to sell portions of their ranch that have been a part of the family for almost a century. Fortunately, the family was able to cover the heritance taxes, however; for the next generation the Dunbar's are interested in finding alternatives such as conservation easements to keep the ranch intact but also to continue sustainable land management activities.

With a population density of 199.8 people/sq mile - ranked 13th in the nation, retiring residents of Hawaii and elsewhere look to relocate from the urban areas in search of that quiet island life that Molokai can provide. Second and/or vacation homes are also common throughout the islands. Furthermore, as the Chinese economy continues to grow, there is a real possibility that prosperous Chinese will chose to make Hawaii there second home just like the Japanese and many other Asia people have.

Development of nearly 100 acres of the KFW parcel is possible due to its abundance of water, proximity to the main Kamehameha V Highway, and the recently passed Agriculture to Rural Conversion Bill by Hawaii's legislature. The intention of this conversion bill is to protect important agricultural lands but also entitles landowners to convert up to 15% of their land from Agriculture to the higher density rural land use. Any remaining forests on the remaining 85% of the agricultural zoned land could be threatened with conversion to non-forest uses by implementing possibly higher value agricultural uses.

Development pressures from water-poor Central and West Moloka'i have placed huge burdens on the County of Maui and the State to divert water from eastern Molokai where water is more plentiful. Three of Molokai's four potable water wells are currently threatened by real estate speculation, urbanization, salinity spikes, falling sustainable yields, and out-of-watershed water transfers. Only the East end well is in stable pumping condition.

Given the resource threats described above, the Dunbar's vision for the Kainalu Ranch is to protect critical watershed resources that many species depend upon without sacrificing vulnerable lower elevation acres to development pressures. This is directly in line with the State's goals for Molokai. The State is seeking acquisition of other East Molokai lands for similar conservation purposes. The KFW offers a rare opportunity on Molokai to preserve a large, intact area that is biologically, culturally, and functionally critical to the long term protection of rare natural resources (including drinking water) and federally listed threatened and endangered species that are so valuable to all.

Project Description and Needs

Molokai's south shore reef is the longest continuous reef in America and rated as one of the most pristine in the world. The KFW is a contiguous watershed that significantly contributes to the State designated "Molokai Sole Source Aquifer". This aquifer supports residents using urban and agriculture water. This important watershed contributes to the few perennial streams and wetlands on the island, as the headwaters of these streams are located on and above this parcel. Drinking water on Molokai is contained in underground aquifers that sit on top a saltwater lens. The aquifers are entirely replenished by rain, and intact upland forests are very efficient at capturing and replenishing these aquifers. With increases in population on east Molokai, the demand to convert upland forests is greater than ever before. Furthermore, this increase in demand on water is resulting in aquifer wells experiencing saltwater intrusion from over pumping. The four streams and forested uplands that comprise the KFW riparian area are an important, if not a crucial source for aquifer recharge. They also supply water for agriculture and support critical habitat for numerous federally listed species on and around the property.

Stretching from the summit almost to the ocean, this connected parcel follows the traditional Hawaiian land delineation and management system or ahupua'a. An ahupua'a incorporates not only the water resources from the upland headwaters to the ocean, but also represents a land area where one can access everything needed for cultural use and survival. A concept often true also for plants and animals. The KFW has several identified federally listed threatened or endangered (T&E) species as well as critical habitat for species in and around these 614 acres. The KFW provides an important contiguous corridor for forest and sea birds to nest and forage. These intact watershed stream and wetland systems are very important to native animal species survival, including the endangered nene (*Branta sandvicensis*), endangered Hawaiian Monk Seal (*Monachus schauinslandi*), o'opu (gobi fish), opae (shrimp), and hihiwai (mollusks) that migrate between near shore and mountain environments for reproduction. Additionally the endangered Hawaiian Damselflies (*Megalagrion pacificum* and *Megalagrion xanthormelas*), both species of concern, two snail species [*Newcombia* spp. & *Partulina* spp.], a rare species of Pomace fly (*Drosophila toxochaeta*), and the endangered Blackburn's Sphinx moth (*Manduca blackburni*). The Ranch's long history of conservation and support of the scientific community has lead to Cornell University's possible discovery of a radiation of a new Hawaiian beetle [*Mecyclothorax* spp.] (Liebherr and Polhemus, 2007) has been found on and around the property.

The KFW has eight T&E plant species identified during recent botanical surveys on the parcel, including *Bidens wiebkei*, *Brighamia rockii*, *Canavalia molokaiensis*, *Cyanea dunbarii*, *Hibiscus arnottianus* ssp. *immaculatus*, *Gardenia brighamii*, *Phyllostegia hispida*, *Pritchardia munroi*. Additionally, there are three plant species of concern (SOC) documented including *Acacia koaia*, *Cyanea solanacea*, *Cyanea solenocalyx*. Historically, sandalwood (*santalum ellipticum* – endemic to the Hawaiian islands) was prevalent on Molokai, as evident by the sandalwood pit found on the property.



Figure 2. From left to right : Sandalwood pit shaped to the size of a ship's hull
www.hawaiiweb.com/molokai/sites_to_see/SandalwoodPit.htm, *Santalum ellipticum* var. *littorale*

Through the Kainalu Ranch reforestation efforts over the last ten years (in part funded by the State Forest Stewardship Program and U.S. Fish & Wildlife Private Stewardship Program) included the re-establishment of sandalwood in the upland areas of the watershed. Similarly, much of the *Acacia koa* on the property has been planted by the landowners in a effort to protect the species from extinction on Molokai.

KFW is known to be part of the historical range of many native Hawaiian forest birds, including sightings of the endangered oloma'o (Molokai Thrush – *Myadestes lanaiensis* *rutha*), endangered and possibly extinct kakawahie (Molokai Creeper – *Paroreomyza flammea*), endangered o'u (*Pssittirostra psittacea*), endangered 'alae-'ula (Hawaiian gallinule – *Gallinula chloropus sandvicensis*), and endangered Molokai i'iwi (*Vestiaria coccinea* Molokai only) all within under three miles of the parcel. The endangered Hawaiian dark-rumped petrel or 'ua'u (*Pterodroma sandwichensis*) and the endangered wetland species alea ke'oke'o (Hawaiian coot – *Fulica alai*) have also both been sighted in or around the Kainalu Ranch. Kainalu Ranch is currently interested and exploring joining the Moloka'i Programmatic Safe Harbor Agreement (SHA) supporting new habitat for nene (*Branta sandvicensis*), which frequents the KFW to safely feed and breed.



Figure 3. Pictures from left to right: i'iwi; 'alae-'ula; and nene

In addition to the nene, the KFW is discussing the development of a SHA for loulu (*Pritchardia munroi*), which would be the first SHA ever developed for a plant species. The Kainalu Ranch has currently out-planted over twelve loulu palms in the KFW through continued restoration efforts.



Figure 4. Out-planted loulu palms in the Kainalu Forest Watershed

Directly adjacent to the KFW is federally designated critical habitat for *Cyanea grimesiana* ssp. *grimesiana* and *Melicope reflexa* (recorded on KFW) as well as surround by numerous other plant critical habitat as noted on attached maps. These are rare Hawaiian plants with narrow habitat ranges. There have been numerous sighting of rare plant species on the KFW including the following:

Table 1. Rare plant species sightings in or within three miles of the Kainalu Forest Watershed.

*Status: LE – listed endangered, SOC – species of concern, and C – candidate species.

Plant species	Hawaiian or Common name	Status
<i>Phyllostegia mannii</i>		LE
<i>Stenogyne bifida</i>		LE
<i>Cyanea grimesiana</i> ssp <i>grimesiana</i>	oha, haha, 'ohe wau Oha, Haha, 'Oha Wai,	LE
<i>Cyanea solanacea</i>	Popolo Ha'iware, Kanawao	SOC
<i>Cyrtandra lydgatei</i>	Ke'oke'o	SOC
<i>Peperomia rockii</i>	Ala'ala wai nui	SOC
<i>Botrychium subbifoliatum</i>	Makou	SOC
<i>Cyanea solenocalyx</i>	Oha, Haha, 'Oha wai	SOC
<i>Phyllostegia stachyoides</i>		SOC
<i>Hibiscus kokio</i> ssp <i>kokio</i>	Koki'o 'ula'ula Ha'iware, Kanawao	SOC
<i>Cyrtandra halawensis</i>	Ke'oke'o Ha'iware, Kanawao	SOC
<i>Cyrtandra biserrata</i>	Ke'oke'o	SOC
<i>Melicope reflexa</i>	Alani	SOC
<i>Phyllostegia hispida</i>		C
<i>Schiedea pubescens</i>		C
<i>Gardenia remyi</i>	Nanu, Na'u	C
<i>Joinvillea ascendens</i> ssp <i>ascendens</i>	Ohe	C
<i>Diellia erecta</i>		C

KFW contains several culturally important pre-contact village sites along stream corridors including an ancient temple (heiau) built to summon rain, taro terraces (lo'i kalo) for traditional Polynesian farming, and living platforms (hale moe). There are numerous walled formations (kuapa) found on the parcel that were historically used to delineate cattle ranges soon after they were introduced and eventually used for the handling of the animals by the first Hawaii cowboys (paniolo).

Just below the KFW is a rare intact ancient fish pond. These are important archeological features symbolizing the polynesian art of catching fish using ingenious water intakes that trap fish in side the pond. Fish ponds are traditionally built below important upland forested areas which protect soils from eroding and reducing near shore marine productivity. A feature that also provides for an important habitat for the Hawaiian Monk Seal (*Monachus schauinslandi*), which has been documented in the near shore environment below the KFW.



Figure 5. Ancient Hawaiian Fishpond

Many of these cultural sites found on the Kainalu Ranch are found in a book by Catherine Summers - Molokai, A Site Survey, in which the author quotes Chief Kanepu'u as saying of the Kainalu watershed, "the plains of this place are plentiful and life there is pleasant." The book also speaks about the legend of Nanawe, the shark god, from which 3 major geological features of KFW have been named including Pawalu Bay (finished at 8), Puu Mano (shark hill), and Kaimu Mano (the shark oven). The names of these features tell the story of the shark god that ate one too many children of Molokai, and how the people of the island trick and catch him roasting his body on the hill above the bay. All of these rare, historical sites that are treasured cultural resources for the people of Hawaii, which reflect the rich cultural heritage of Kainalu and Molokai. Many of the relics from legends surrounding this place can still be found within KFW.

Objective

The objective of this conservation easement is to acquire development and timber rights to this strategically placed parcel. This will result in perpetual protection from the damaging affects of development in this resource rich area of Molokai. Holding the rights to the current and future non-sustainable timber rights on this property will also perpetuate the habitat necessary for many of the important animal and plant species as well as their habitat.

Expected Results and Benefits

Watershed protection is the primary goal of the Forestry Division in the State of Hawai'i. It is also outlined as a primary goal in the Hawai'i USDA Forest Service's Forest Legacy Program Assessment of Needs (<http://www.state.hi.us/dlnr/dofaw/Legacy/index.html>). The Kainalu Ranch represents a missing link that completes a mountain to ocean watershed corridor. The KFW is strategically located among existing conservation land including Puu O Hoku Ranch, Molokai Forest Reserve, Natural Area Reserves, The Nature Conservancy Preserve, Kamehameha Schools, Office of Hawaiian Affairs interest, and Maui Coastal Land Trust easements. This corridor will provide a connection to the ocean for nearly 30,000 acres including many landowners that are actively seeking conservation on their property. The Kainalu Ranch is also interested in joining the East Molokai Watershed Partnership, which could open the door to more collaborative landscape level management. This parcel abuts an newly acquired conservation easement (CE) to the West and is directly East and North of the previously established NRCS Farm and Ranch Protection Program conservation easement parcel on Kainalu Ranch.

With this acquisition, the Kainalu Ranch will have protected a total 781 acres from future development and will protect ecologically, culturally, and socially important private land through a broad range of partnerships and land conservation programs. This CE will allow the Kainalu

Ranch to remain a family managed working ranch focused on forest landscape watershed enhancement, riparian stream enrichment, rare bird preservation, and coral reef protection.

Public resources used for this CE will conserve native species, support important research, protect watershed integrity for many people, maintain the perpetuation of healthy stream and wetland systems, enhance aquifer recharge, and preserve historic sites. The Molokai underground aquifer is entirely replenished by the rainfall, and intact upland forests are very efficient at capturing and replenishing aquifers. With increases in population on east Molokai, the demand to convert upland forests is greater than ever before.

The Kainalu Ranch has unique man made water features that have multiple purposes including fire suppression, water source for reforestation efforts, and habitat for various important Hawaiian birds.



Figure 6. Water features in the Kainalu Forest Watershed

Approach

With multiple funding sources, the timeline for this acquisition is approximately two years. A number of the necessary due diligence steps are either completed or under way. The Dunbar Ranch has provided the State with a 2007 Yellow Book Appraisal for a 166 acre CE on adjacent Dunbar land that was completed last year. The State is currently purchasing a Yellow Book Appraisal for the KFW 614 CE that should be completed by January 2009. The Dunbar Ranch and the State of Hawaii are in the final stages of agreeing on the terms of this conservation easement. The baseline report for both the appraisal and the easement terms should be complete by mid October. With the recent CE completed last year the title report, phase one hazardous materials search, and official surveys were all recently completed and easily updated.

Through several Federal funding sources, the State is committed to supporting this acquisition by agreeing to seek up to 75% of the match needed; with the landowner agreeing to provide a minimum of 25% through land value donation. The Maui Coastal Land Trust is supportive of this project and has agreed to assist where needed.

Location

Kainalu Forest Watershed (KFW) conservation easement is 614 acres of strategic watershed on the eastern end of the Island of Molokai. The KFW is part of the 1200 acre Kainalu Ranch, which represents nearly an entire watershed. The KFW parcel extends from sea level to the Wailau Valley Rim at 3400 ft, a distance of nearly two miles.

Estimated Costs

Tract Name	Size (acres)	Estimated Tract Cost	RLA Funding	Other Federal Funding	Non-Fed Cost Share	
Kainalu Forest Watershed	614	\$4,000,000	\$1,500,000	\$1,500,000	\$1,000,000	
Total	614	\$4,000,000	\$1,500,000	\$1,500,000	\$1,000,000	

Partners & Cooperators

- Maui Coastal Land Trust
- Molokai Land Trust
- US Forest Service
- Private Landowners: Puu o Hoku Ranch, Geoff Gordon
- Molokai Watershed Partnership
- State Forest Stewardship Program
- NRCS – Farm & Ranchland Program
- State Legacy Land Conservation Program
- University of Hawaii
- Cornell University
- Molokai Planning Commission

Project Contacts

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